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INTRODUCTION

Cheboygan County Prosecuting Attorney (Family Support) (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity and to obtain support orders for all cases where the Cheboygan County PA had jurisdiction. The Cheboygan County PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Cheboygan County PA for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Cheboygan County PA for the period January 1, 1999 through September 30, 1999. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if the costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Cheboygan County PA overbilled the FIA for some line items. The State share of the net amount overbilled was \$3,375. (See Schedule A.)

Our report recommends the Family Services Administration initiate the process to recoup a total of \$3,375 from the Cheboygan County PA.

PA RESPONSE

The Cheboygan County PA indicated in a letter dated August 28, 2001 that they disagree with Finding #2.

FINDINGS

Personnel Billed not in Agreement with the General Ledger

1. The Cheboygan County PA overbilled the FIA \$340 for Personnel costs. The billed costs did not agree with the costs contained in the general ledger. The general ledger is a source document for the billings. (See Schedule A.)

Personnel Costs of Prosecuting Attorney

2. The Cheboygan County PA overbilled the FIA \$3,813 for the personnel costs of the Prosecuting Attorney. The actual IV-D % for each month based on the detailed time documentation was less than the IV-D % billed. The billed percentage of 18% appeared to be the contract budget percentage. (See Schedule A.)

Central Services

3. The Cheboygan County PA overbilled the FIA \$206 for Central Services costs. The central services costs allowed are based on the IV-D staff time percentage. The staff time percentage was reduced because the Prosecuting Attorney's IV-D % was reduced. See Finding #2 above. (See Schedule A.)

WE RECOMMEND the Family Services Administration initiate the process to recoup a total of \$3,375 from the Cheboygan County PA.

Finding #	Line Item	Audit Period	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	Due (State) County
1	Personnel	1/1-9/30 1999	(340)	100.00%	\$ (340)	
2	Personnel	1/1-9/30 1999	(3,813)	100.00%	\$ (3,813)	
3	Central Services	1/1-9/30 1999		13.74%	\$ (206)	

Grand Total of the IV-D Audit Adjustments \$ (4,360)

Calculation of the Payment Due the (State) County

	Paternity Testing	Total	
Audited IV-D Amount	30,896	50	30,946
IV-D Amount Used for the Payments Actually Made	(35,256)	(50)	(35,306)
IV-D Audit Adjustment Due (State) County	(4,360)	-	(4,360)
State Share %	77.41%	100.00%	
	(3,375)	\$ -	(3,375)